

Message Text

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PAGE 01 PARIS 21639 130840Z

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ACTION TRSE-00

INFO OCT-01 EUR-25 EA-11 ISO-00 SP-03 AID-20 EB-11 NSC-07

RSC-01 CIEP-03 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-03 INR-11 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 DODE-00 PM-07 H-03 L-03 PA-04 PRS-01 USIA-15

DRC-01 /187 W

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R 130831Z SEP 74

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 2272

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY OTTAWA

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

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PASS TREASURY AND FEDERAL RESERVE

E.O. 11652: N/A

TAGS: EFIN, FR

SUBJECT: U.S. GOLD CLAUSE JOINT RESOLUTION

REF: STATE 188463

1. IN RESPONSE TO QUESTION "A" POSED REFTTEL, WE ARE ADVISED BY BANK OF FRANCE AND FRENCH TREASURY THAT FRANCE HAS NO LAW OR REGULATION SIMILAR TO U.S. GOLD CLAUSE JOINT RESOLUTION OF 1933.

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PAGE 02 PARIS 21639 130840Z

2. HOWEVER, WITH REGARD TO QUESTION "B," THERE DOES EXIST STATUTE (DECREE-LAW 59-246 OF 4 FEBRUARY 1959) WHICH IN GENERAL PROHIBITS "INDEXING" CONTRACTS WITH RESPECT TO A PRICE (SUCH AS THAT FOR GOLD) WHICH HAS NO RELATION TO BUSINESS BEING TRANSACTED. THUS, EXCEPT FOR CASES IN WHICH GOLD AS COMMODITY IS DIRECTLY INVOLVED, CONTRACTS MAY NOT CONTAIN CLAUSES WHICH TIE PAYMENT TO CURRENT GOLD PRICES. NOTE ALSO THAT 1959 DECREE-LAW PROHIBITS CONTRACT CLAUSES USING SUCH GENERAL STANDARDS AS THE CONSUMER PRICE INDEX OR THE MINIMUM WAGE FOR DETERMINING THE FRANC VALUE OF OBLIGATIONS COMING DUE.

3. OTHER POSSIBILITIES MENTIONED REFTTEL (E.G., ACTUAL PAYMENT IN GOLD, MULTIPLE CURRENCY OR ARTIFICIAL UNIT CLAUSES) ARE NOT RESTRICTED UNDER DOMESTIC FRENCH LAW. EXCHANGE CONTROL REGULATIONS, OF COURSE, PROHIBIT DOMESTIC CONTRACTS WHICH STIPULATE PAYMENT IN FOREIGN CURRENCIES, AS WELL AS INTERNATIONAL CONTRACTS WHICH WOULD ENTAIL SHIPMENT OF GOLD INTO OR OUT OF FRANCE.

4. RE QUESTION "C," SUCH RESTRICTIONS MENTIONED PARA 2 ABOVE ARE APPLICABLE TO DOMESTIC CONTRACTS ONLY.

5. BY WAY OF BACKGROUND, THERE HAVE BEEN TWO GOVT BOND ISSUES IN POSTWAR ERA ("PINAY" ISSUES OF 1952 AND 1958, AND "GISCARD" ISSUE OF 1973) WHICH DIRECTLY OR ALTERNATIVELY INDEXED REDEMPTION VALUES ON PRICE OF GOLD. BOTH REQUIRED SPECIAL ENABLING LEGISLATION.

IRWIN

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Message Attributes

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Disposition Reason:
Disposition Remarks:
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